

- a. Respondent solicited an application from Brandt Excavating to replace a United Healthcare small group policy with a small group policy underwritten by Trustmark Insurance Company.
- b. Respondent placed at least one employee into the Nebraska Comprehensive Health Insurance Pool (CHIP) and thus removed him from the small group policy in order to lessen the premium charged.
- c. Jane Francis, (Francis) administrator for the Consumer Affairs Division of the Nebraska Department of Insurance, contacted the insurer and was told that the employee signed a waiver declining Trustmark coverage because he was on an individual plan. This individual plan was confirmed by Blue Cross and Blue Shield of Nebraska as a CHIP plan, effective January 1, 2005.
- d. Francis contacted Respondent and asked him why the employee was not on the group health plan since he was on the former United Healthcare plan. Respondent stated that "As the new health plan is a health savings account (HSA), those employees who were going to be age 65 or older during the plan year were not able to access the plan. Per IRS regulations concerning HSA, an eligible individual must not be entitled to benefits under Medicare."
- e. Respondent's assertion is incorrect. The employee's eligibility for Medicare would start in October of 2005 and this did not make him ineligible for the Trustmark plan in January of 2005. According to the IRS, while contributions must cease once one enrolls in Medicare, the money from the HSA can be used for medical expenses or other expenses. Moreover, depending upon the situation, some contributions to HSA accounts may continue.
- f. The employee was still eligible for coverage under the group plan and he should not have been advised by Respondent to go to the CHIP plan and, in fact, is technically ineligible for the CHIP plan. The small employer's carrier would have had to offer coverage to the employee had Respondent properly presented this group and also has placed the employee's insurance coverage at risk either with CHIP or a similar group or individual plan.

3. Respondent was informed of his right to a public hearing. Respondent waives that right, and enters into this Consent Order freely and voluntarily. Respondent understands and

acknowledges that by waiving his right to a public hearing, Respondent also waives his right to confrontation of witnesses, production of evidence, and judicial review.


4. Respondent admits the allegations contained stated in Paragraph #2 above.

CONCLUSIONS OF LAW

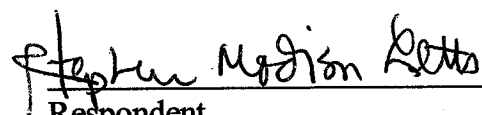
Respondent's conduct as alleged above constitutes a violation of §§44-1524, 44-1525(1)(a), 44-1525(10), 44-4059(1)(b) and 44-4059(1)(h).

CONSENT ORDER

It is therefore ordered by the Director of Insurance and agreed to by Respondent, Stephen Letts, that he shall pay an administrative fine of \$2500 and shall have his license suspended for 10 days. The fine shall be paid in total within thirty days after the Director of the Department of Insurance affixes his signature to this document and approves said consent agreement. If Respondent fails to pay this fine in the time specified, his Nebraska's insurance producers license shall automatically be suspended. In witness of their intention to be bound by this Consent Order, each party has executed this document by subscribing their signature below.

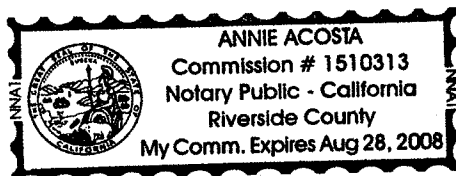

Martin W. Swanson, #20795
Attorney for Nebraska
Department of Insurance
941 "O" Street, Suite 400
Lincoln, Nebraska 68508
(402)471-2201

30 August 05
Date


Respondent
8/29/2005
Date

State of California)
County of Riverside) ss.

On this 29 day of Aug, 2005, Stephen Letts personally appeared before me and read this Consent Order, executed the same and acknowledged the same to be her voluntary act and deed.



Annie Acosta
Notary Public

I hereby certify that the foregoing Consent Order is adopted as the Final Order of the Nebraska Department of Insurance in the matter of State of Nebraska Department of Insurance vs. Stephen Letts, Cause No. A-1633.

STATE OF NEBRASKA
DEPARTMENT OF INSURANCE

L. Tim Wagner
L. TIM WAGNER
Director of Insurance

8/30/05
Date

CERTIFICATE OF SERVICE

I hereby certify that a copy of the executed Consent Order was sent to the Respondent, at 6050 South 58th Street, Suite E, Lincoln, NE 68516, by certified mail, return receipt requested on this 31st day of August, 2005.

Tracy A. Luckin